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Summary record of the 34th meeting
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Chair: Mr. Bhattarai ..... (Nepal)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.10 a.m.

Agenda item 136: Improving the financial situation of the United Nations (*continued*)

1. **Mr. Takasu** (Under-Secretary-General for Management), accompanying his statement* with a digital slide presentation, said that he would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and outstanding payments to Member States in respect of four budget categories: the regular budget, peacekeeping, the international tribunals and the capital master plan. Overall, those financial indicators remained generally sound and positive, although some areas would need to be closely monitored in 2016.

2. At the end of 2015, unpaid assessments had been lower than at the end of the previous year in all areas except the tribunals. Cash balances at the end of 2015 had been positive for peacekeeping, the tribunals and the capital master plan, but the regular budget had continued to show a pattern of tightness in the final quarter. The regular budget cash reserves had covered shortfalls.

3. At the end of April 2016, unpaid assessments had been lower in all categories except peacekeeping operations compared with one year earlier. The increase in unpaid peacekeeping assessments in 2016 was directly related to the increase in peacekeeping assessments in that year, as half of the peacekeeping assessments for the 2015/16 fiscal year could only be issued after the new scale had been adopted in December 2015. Cash balances were currently positive for all areas, but regular budget cash was expected to tighten again towards the end of the year.

4. With regard to troop costs and contingent-owned equipment, the level of outstanding payments to Member States had been slightly lower at the end of 2015 compared with the previous year. The Secretariat would continue to make every effort to expedite outstanding payments to Member States in 2016.

5. Concerning the regular budget, both assessments issued and payments received by 30 April had been lower in 2016 than in 2015. Unpaid assessments had amounted to $1.4 billion as at 30 April 2016, $163 million lower than one year earlier. By the end of 2015, 142 Member States had paid their regular budget assessments in full, compared with 144 in 2014. He urged the remaining Member States to pay their assessed contributions in full as soon as possible. Outstanding contributions continued to be concentrated among a few Member States, whose actions in the months ahead would largely determine the final financial picture for 2016. He acknowledged that differences in the financial years of Member States and the timing of the related national legislative processes could affect prompt payment by some Member States. By 30 April 2016, 79 Member States had paid their assessments to the regular budget in full, five fewer than by 30 April 2015.

6. Cash resources available for the regular budget under the General Fund included the Working Capital Fund and the Special Account. The regular budget cash shortfalls in the last months of 2015 had been covered by the reserves. The final position as at 31 December 2015 had reflected a $217 million cash shortfall under the regular budget, which had been covered by the Working Capital Fund and the Special Account. The regular budget cash position had improved by 30 April 2016 as a result of contributions from Member States.

7. In April 2015, the Assembly had authorized the transfer of $154.9 million from the General Fund to finance the final shortfall in respect of the capital master plan. An initial transfer of $73.3 million had been made in mid-2015 from the regular budget and $36.6 million had been transferred from the Special Account. The remaining $45 million had been financed in the context of the 2016 regular budget assessment and had been transferred to the capital master plan earlier in 2016.

8. The regular budget shortfall had reached $113 million in October 2015. Since the roll-out of Umoja at Headquarters in November 2015, Tax Equalization Fund cash had been segregated from regular budget cash, which meant that the regular budget shortfall had increased to $217 million at the end of 2015 despite the receipt of additional contributions in November. In 2016, regular budget cash would continue to face pressure given the current reduced level of reserves resulting from General Assembly decisions on the use of the Special Account, as well as General Assembly action to finance a significant level of activities with commitment authority, without assessment, during the biennium 2016-2017. The final cash position at the end of 2016

* Subsequently circulated as document A/70/433/Add.1.

would depend largely on payments from Member States in coming months.

9. Peacekeeping operations had a different financial period from the regular budget, and ran from 1 July to 30 June rather than the calendar year. Moreover, separate assessments were issued for each operation and, since assessments could only be issued for the mandate period authorized by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between budgets for peacekeeping operations and other budgets.

10. At the end of 2015, unpaid assessments for peacekeeping operations had totalled $976 million, a decrease of $306 million compared with the $1.28 billion outstanding at the end of 2014. As at 30 April 2016, new assessments of $3.9 billion had been issued and the level of unpaid assessments had amounted to $2.4 billion. The increased level of peacekeeping assessments in the first few months of 2016 was the result of the increase in assessments for the second half of the 2015/16 peacekeeping fiscal year following the adoption of the new scale of assessments for 2016 at the end of 2015.

11. As at 30 April 2016, unpaid assessments had continued to be concentrated among a few Member States, the result of differences in the financial years of Member States and the timing of the related national legislative processes. That was a particular challenge in respect of peacekeeping operations as letters of assessment were issued throughout the year for different missions whenever the Security Council renewed the respective mandates. By 31 December 2015, 30 Member States had paid all peacekeeping assessments in full, with 40 Member States having paid all peacekeeping assessments in full by 30 April 2016.

12. Although the total cash available for peacekeeping, including the reserve, had amounted to almost $3 billion at the end of 2015, that amount was segregated in accordance with the decision of the Assembly to maintain separate accounts for each operation. The Assembly had specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. The use of the Peacekeeping Reserve Fund was restricted to new operations and expansions of existing operations. At the end of 2015, peacekeeping cash had consisted of approximately $2.6 billion in the accounts of active missions, $217 million in closed mission accounts, and $139 million in the Peacekeeping Reserve Fund.

13. With regard to outstanding payments to Member States, the Secretariat would continue to accelerate payments and reduce the amount owed for troops, formed police units and contingent-owned equipment. The total amount owed at the end of 2015 had stood at $824 million, which had risen to $827 million by 31 March 2016. However, reimbursements would be kept current and the total amount owed was projected to decrease to $818 million by the end of 2016.

14. The Secretary-General was committed to meeting obligations to Member States providing troops and equipment as expeditiously as the cash situation permitted. The Secretariat monitored the peacekeeping cash flow situation constantly with a view to maximizing payments, but depended on Member States' meeting their financial obligations and on the expeditious finalization of memorandums of understanding with contributors of troops and contingent-owned equipment.

15. The financial position of the two international tribunals at the end of 2015 had reflected a higher level of unpaid assessments compared with the end of 2014. The amount outstanding at the end of 2015 had increased to $65 million from $40 million one year earlier. By the end of 2015, 107 Member States had paid their assessed contributions for the international tribunals in full; other Member States were urged to follow their example. As at 30 April 2016 outstanding assessments had amounted to $93 million, with 52 Member States having paid their assessed contributions to both tribunals and the International Residual Mechanism in full. Once again, the final outcome for 2016 would depend on Member States' continuing to honour their financial obligations to the tribunals.

16. Concerning the capital master plan, a total of $1.87 billion had been assessed under the special account for the plan. As at 30 April 2016, the bulk of the assessed contributions had been received, with $0.2 million still outstanding, and 185 Member States had paid their capital master plan assessments in full. Remaining Member States were urged to make their assessed payments so that the accounts could be closed.

17. The capital master plan cash balance was currently positive, the Assembly having approved the financing of the final shortfall through the transfer of

$154.9 million from the General Fund. The final $45 million had been assessed in the context of 2016 regular budget financing and the funds had been transferred from the General Fund to the capital master plan earlier in the year, marking the completion of transfers from the General Fund.

18. In conclusion, he paid tribute to those Member States that had paid all assessments in full as at 4 May 2016. The financial situation was generally sound, with unpaid regular budget assessments reflecting lower levels at year-end 2015 compared with year-end 2014. However, the last quarter of the year continued to be a difficult period for regular budget cash and it had been necessary to draw on regular budget cash reserves during the final months of 2015. While the overall United Nations cash situation was currently positive for all categories as at 30 April 2016 regular budget cash was expected to tighten again towards the end of 2016. The Secretariat would continue to monitor the cash flow closely and ensure tight financial management. The level of reserves in both the Working Capital Fund and the Special Account covered only six weeks of regular budget operations. It would be prudent to review the adequacy of the level of reserves in the light of the pattern of payments by Member States and the high level of commitment authority.

19. An increased number of Member States were making timely contributions to peacekeeping operations and the Secretariat was making every effort to expedite outstanding payments in respect of troops and formed police units, and contingent-owned equipment claims. The level of outstanding payments to Member States was projected to decrease to $818 million at the end of 2016.

20. The overall number of Member States which had paid all assessments due and payable reflected an increase: 35 Member States compared with 22 one year earlier. As always, the financial health of the Organization depended on Member States' meeting their financial obligations in full and on time.

The meeting rose at 10.30 a.m.